



National Aeronautics and
Space Administration
Washington, DC 20546

Procurement Notice

PN 04-24
June 13, 2007

CONTRACT ADMINISTRATION: INSTRUCTIONS FOR PREPARING NASA FORM 1430; AUDIT TRACKING AND RESOLUTION

BACKGROUND: This PN revises the NASA FAR Supplement (NFS) to --

1. Provide a complete listing of those contract administration functions normally retained by the contracting office;
2. Address the new NASA Form (NF) 1430, Letter of Contract Administration Delegation, General; and
3. Clarify contracting officer responsibilities in the resolution and disposition process after receiving a reportable audit from the Defense Contract Audit Agency (DCAA).

ACQUISITIONS AFFECTED BY CHANGES: Solicitations issued and contracts awarded after the effective date of this PN; and any existing or new contract that is impacted by a reportable audit as defined in OMB Circular No. A-133.

ACTION REQUIRED BY CONTRACTING OFFICERS: When delegating contract administration functions (including quality assurance, property administration and plant clearance), contracting officers must use the new NF 1430 and the appropriate appendices. For reportable audits, the NASA contracting officer responsible for resolution and disposition of the audit will be required to communicate and coordinate his or her actions with other NASA contracting officers when the audit findings affect more than one NASA contract. When a NASA contract is impacted but the responsibility for resolution and disposition rests with the Department of Defense (DOD), the NASA contracting officer shall maintain a dialogue with the DOD administrative contracting officer, and track the status and disposition of significant audit findings.

CLAUSE CHANGES: None

PARTS AFFECTED: Part 1842.

REPLACEMENT PAGES: You may use the enclosed pages to replace 42:3, 42:4, 42:5, 42:6, 42:11, 42:12, 42:13, and 42:14 of the NFS.

TYPE OF RULE AND PUBLICATION DATE: These changes do not have a significant impact beyond the internal operating procedures of NASA and do not have a significant cost or administrative impact on contractors or offerors, and therefore do not require codification in the Code of Federal Regulations (CFR) or publication for public comment.

CANCELLATION: PIC 06-14.

HEADQUARTERS CONTACT: Lou Becker, Office of Procurement, (202) 358-4593, email: lou.becker@nasa.gov.

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Sheryl Goddard
Acting Assistant Administrator for Procurement

Enclosures

DISTRIBUTION:
PN List

a written request shall be forwarded to the cognizant program director for approval with the concurrence of the Assistant Administrator for Procurement (Code HS). The following supporting information shall be forwarded with the request to make the assignment:

- (i) A statement of the special circumstances that necessitate the assignment.
 - (ii) The contract administration services to be performed.
 - (iii) A summary of any discussions held with the cognizant contract administration organization.
 - (iv) A staffing plan covering three years or such shorter period as may be appropriate.
- (2) The provisions of this paragraph do not apply to NASA audit personnel assigned to the field installations, to NASA technical personnel covered by 1842.101 and paragraph (b) of this section, unless they are performing any contract administration functions listed in FAR 42.302(a), or to personnel assigned to contractors' plants on NASA or other Federal installations.
- (b) NASA may assign technical personnel (such as quality assurance, reliability, or engineering representatives) to contractors' plants or laboratories to provide direct liaison with NASA and technical assistance and guidance to the contractor and DOD. The duties and responsibilities of these technical representatives shall be clearly defined and shall not conflict with, duplicate, or overlap with functions delegated to DOD personnel. NASA shall advise appropriate DOD and contractor organizations of the duties and responsibilities of NASA technical personnel.
- (c) When a NASA resident office, including any assigned technical personnel, and a DOD contract administration office are performing contract administration functions for NASA contracts at the same contractor's facility, the two offices shall execute a written agreement clearly establishing the relationship between the two organizations and the contractor. The agreement should eliminate duplication in the performance of contract administration functions and minimize procedural misunderstandings between the two organizations. Such agreements shall be consistent with existing delegations to the contract administration offices concerned and shall specify the relationship of NASA nonprocurement resident personnel to their DOD and contractor counterparts if such personnel will be involved in any aspect of contract administration.

Subpart 1842.2--Contract Administration Services

1842.202 Assignment of contract administration.

(b) *Special instructions.*

(i) The functions described in 42.302(b)(1) and the following subparagraphs of 42.302(a) are normally retained: (3), (10), (12), (13), (14), (15), (17), (18), (19), (20), (21), (22), (23), (24), (29), (32), (43), (44), (45), (46), (48), (51), (56), (58), (59), (62), (63), (64), (65), (69), and (70).

(d) *Transmittal and documentation.* In addition to the instructions at FAR 42.202(d)(1) through (4), contracting officers shall --

(i) Send delegations to DOD contract administration offices in accordance with the instructions in the DOD Directory of Contract Administration Services Components (DLAH 4105.4).

(ii) At time of contract award, prepare and forward NASA Form 1430, Letter of Contract Administration Delegation, General, and appropriate appendices (NASA Form 1430A, 1430B, 1430C, and 1430D) to the contract administration office.

(iii) Forward NASA Form 1431, Letter of Acceptance of Contract Administration, with each NASA Form 1430 and appropriate appendices. Contracting officers shall use the returned NASA

Form 1431 as contract file documentation that the delegation has been accepted, modified or rejected by the contract administration office and as a reference for points of contact for each of the functional areas delegated.

(iv) Use NASA Form 1433, Letter of Audit Delegation, to delegate the audit function and to amend previous delegations. Distribute copies of the contract and NASA Form 1433 as follows:

(A) *Audit office:* One copy of the contract and three NASA Forms 1433. When the Department of Health and Human Services is designated as the audit office, item 12 on NASA Form 1433 shall be marked "Not applicable."

(B) *Contractor:* One NASA Form 1433.

(C) *Cognizant NASA fiscal or financial management office:* One NASA Form 1433.

(v) For contracts with the Canadian Commercial Corporation (CCC), audits are automatically arranged by the Department of Defense Production (Canada) (DDP) in accordance with agreements between NASA and DDP. Audit reports are furnished to DDP. Upon advice from DDP, CCC will certify the invoice and forward it with Standard Form 1034, Public Voucher, to the contracting officer for further processing and transmittal to the fiscal or financial management officer.

(vi) For contracts placed directly with Canadian firms, audits are requested by the contracting officer from the Audit Services Branch, Comptroller of the Treasury, Department of Finance, Ottawa, Ontario, Canada. Invoices are approved by the auditor on a provisional basis pending completion of the contract and final audit. These invoices, accompanied by SF 1034, are forwarded to the contracting officer for further processing and transmittal to the fiscal or financial management officer. Periodic advisory audit reports are furnished directly to the contracting officer.

1842.202-70 Retention of contract administration.

(a) The assignment of contract administration is optional for the following contracts:

(1) Research and development study contracts not involving deliverable hardware or Government furnished property.

(2) Contracts with periods of performance of 90 days or less.

(3) Contracts with periods of performance of 91 to 180 days that do not include all of the following:

(i) A small business subcontracting plan.

(ii) Government-furnished property.

(iii) Progress payments, if a fixed-price type contract.

(4) Purchase orders without Government source inspection requirements.

(5) Contracts requiring only on-site performance.

(6) Contracts requiring work in the vicinity of the awarding center where DOD contract administration services are not reasonably available.

(b) The determination to assign Quality Assurance, Property Administration or Plant Clearance for administration shall be made after review by the cognizant technical personnel.

1842.270 Contracting officer technical representative (COTR) delegations.

(a) The cognizant contracting officer may appoint a qualified Government employee to act as their representative in managing the technical aspects of a particular contract. If necessary, the contracting officer may appoint an alternate COTR to act during short absences of the COTR.

Technical organizations are responsible for ensuring that the individual they recommend to the contracting officer possesses training, qualifications and experience commensurate with the duties and responsibilities to be delegated and the nature of the contract.

(b) NASA Form 1634, Contracting Officer Technical Representative (COTR) Delegation, shall be used to appoint COTRs. A COTR's duties and responsibilities may not be redelegated by the COTR and the COTR may be held personally liable for unauthorized acts. However, this does not prohibit the COTR from receiving assistance for the purpose of monitoring contractor progress and gathering information. When an individual is appointed as a COTR on more than one contract, separate delegations shall be issued for each contract. A separate NASA Form 1634 will be used to appoint an alternate COTR.

(c) A COTR delegation remains in effect throughout the life of the contract unless canceled in writing by the cognizant contracting officer or at any level above that contracting officer. The contracting officer may modify the delegation only by issuance of a new delegation canceling and superseding the existing delegation.

(d) A COTR shall not be authorized to initiate procurement actions or in any way cause a change to the contract or increase the Government's financial obligations. However, delegations may be made to construction contract COTRs to sign emergency on-site change orders with an estimated value not to exceed the value specified in writing by the contracting officer in the NASA Form 1634 but in no event to exceed \$25,000.

(e) Each COTR shall acknowledge receipt and accept the delegation by signing the original delegation letter. The original of the COTR delegation letter shall be filed in the applicable contract file. Copies of the signed COTR delegation letter shall be distributed to the COTR, the contractor, and each cognizant contract administration office. Acknowledgment and distribution for terminations of COTR delegations and COTR delegations which revise authority, duties and responsibilities shall follow the same rules.

(f)(1) Mandatory training for COTRs and their alternates shall include the following core topic areas:

- (i) Contracting authority and contract modifications (including non-personal services and inherently governmental functions);
- (ii) Inspection and surveillance;
- (iii) Changes and performance-based acquisition;
- (iv) Contract financial and property management (including "Limitation of Cost" clause, Anti-Deficiency Act, "Limitation of Funds" clause); and
- (v) Disputes.

(2) Those COTRs for whom it has been more than five (5) years since they received comprehensive training shall receive refresher training.

(3) Procurement officers are responsible for assuring that the course(s) utilized by their center address the mandatory core topics in sufficient detail for the purpose of COTR training. Procurement officers may accept the following training alternative(s) in satisfaction of comparable requirement(s) specified in paragraph (f)(1) of this section:

- (i) Another center's COTR training; or
- (ii) Annual ethics training.

(g) The contracting officer shall verify that the COTR has received the mandatory training before signing NASA Form 1634. If an urgent need arises for the appointment of a COTR and no trained and otherwise qualified individual is available, then the procurement officer may make a

temporary COTR appointment not to exceed six months. Temporary appointments must be so identified and clearly reflect the appointment expiration date.

(h) No technical direction may be issued by a COTR relative to performance-based acquisition requirements or when serving under a temporary appointment.

1842.271 NASA clause.

Insert the clause at 1852.242-70, Technical Direction, when paragraph 3(m) of the NASA Form 1634 specifically authorizes a COTR to issue technical direction.

Subpart 1842.3--Contract Administration Office Functions

1842.302 Contract administration functions.

(a) In addition to the responsibilities listed in FAR 42.302(a), responsibility for reviewing earned value management system (EVMS) plans and verifying initial and continuing contractor compliance with NASA and DoD EVMS criteria and conformity with ANSI/EIA Standard 748, Industry Guidelines for EVMS, is normally delegated to DCMA.

Subpart 1842.5--Postaward Orientation

1842.503 Postaward conferences.

(1) A postaward conference shall be held with representatives of the contract administration office when --

- (i) A contract is expected to exceed \$10,000,000;
- (ii) Contract performance is required at or near a NASA installation or NASA-controlled launch site;
- (iii) The delegation will impose an abnormal demand on the resources of the contract administration office receiving the delegation; or
- (iv) Complex contract management problems are expected, particularly risk management areas identified during program and acquisition planning, e.g., significant or unusual mission success, technical, cost, schedule, safety, security, occupational health, environmental protection, and export control risks.

(2) Procurement officer approval is required to waive a post-award planning conference for contracts meeting any of the criteria in paragraph (1) of this section. The request for procurement officer approval to waive a post-award conference shall address action taken and planned to ensure effective communication with the contract administration office during the performance of the contract.

1842.7002 Travel outside of the United States.

The contracting officer shall insert the clause at 1852.242-71, Travel Outside of the United States, in cost-reimbursement solicitations and contracts where a contractor may travel outside of the United States and it is appropriate to require Government approval of the travel.

1842.7003 Emergency medical services and evacuation.

The contracting officer must insert the clause at 1852.242-78, Emergency Medical Services and Evacuation, in all solicitations and contracts when employees of the contractor are required to travel outside the United States or to remote locations in the United States.

Subpart 1842.71--Submission of Vouchers**1842.7101 Submission of vouchers.**

(a) Vouchers shall be submitted in accordance with the clause at 1852.216-87, Submission of Vouchers for Payment.

(b) The auditor shall retain an unpaid copy of the voucher.

(c) When a voucher submitted in accordance with the clause at 1852.216-87 contains one or more individual direct freight charges of \$100 or more, an additional copy of Standard Form 1034A and Standard Form 1035A shall be submitted and marked for return to the contractor after payment. This copy shall be transmitted quarterly by the contractor with the freight bills to the General Services Administration. When a voucher is identified as the "Completion Voucher," an additional copy shall be submitted for transmittal to the NASA contracting officer.

Subpart 1842.72--NASA Contractor Financial Management Reporting**1842.7201 General.****(a) Contracting officer responsibilities.**

(1) Contracting officers must ensure contracts require cost reporting consistent with both policy requirements and project needs. Contracting Officers shall monitor contractor cost reports on a regular basis to ensure cost data reported is accurate and timely. Adverse trends or discrepancies discovered in cost reports should be pursued through discussions with financial and project team members.

(2) Whenever cost performance threatens contract performance, contracting officers shall require corrective action plans from the contractors.

(b) Reporting requirements.

(1) Use of the NASA Contractor Financial Management Reports, the NASA Form 533 series, is required on cost-type, price redetermination, and fixed-price incentive contracts when the following dollar, period of performance, and scope criteria are met:

Contract value/scope	Period of Performance	533M	533Q
\$500K to \$999K	1 year or more	Required	Optional
\$1,000,000 and over	Less than 1 year	Required	Optional
\$1,000,000 and over	1 year or more	Required	Required

(2) When it is probable that a contract will ultimately meet the criteria in paragraph (b)(1) of this section through change orders, supplemental agreements, etc., the reporting requirement must be implemented in the contract based on the estimated final contract value at the time of award.

(3) NF 533Q reporting may be waived by the contracting officer, with the concurrence of the center chief financial officer and cognizant project manager, for support service or task order contracts, when NF 533M reports and other data are sufficient to ensure accurate monthly cost accruals, evaluation of the contractor's cost performance, and forecasting of resource requirements.

(4) Where a specific contractual requirement differs from the standard system set forth in NPR 9501.2, NASA Contractor Financial Management Reporting, but is determined to be in the best interests of the Government and does not eliminate any of the data elements required by the standard NF 533 formats, it may be approved by the contracting officer with the concurrence of the center chief financial officer and the project manager. Such approval shall be documented and retained, with the supporting rationale, in the contract file.

(5) The contractor's internal automated printout reports may be substituted for the 533 reporting formats only if the substitute reports contain all the data elements that would be provided by the corresponding 533's. The contracting officer shall coordinate any proposed substitute with the installation financial management office.

(c) Contract requirements.

(1) Reporting requirements, including a description of reporting categories, shall be detailed in the procurement request, and reports shall be required by inclusion of the clause prescribed in 1842.7202. The contract schedule shall include report addressees and numbers of copies. Reporting categories shall be coordinated with the center financial management office to ensure that data required for agency cost accounting will be provided by the reports. Reporting dates shall be in accordance with NPR 9501.2, except that earlier submission is encouraged whenever feasible. No due date shall be permitted which is later than the date by which the center financial management office needs the data to enter an accurate monthly cost accrual in the accounting system.

(2) The contractor shall be required to submit an initial report in the NF 533Q format, time phased for the expected life of the contract, within 30 days after authorization to proceed has been granted. NF 533M reporting will begin no later than 30 days after incurrence of cost. NF 533Q reporting begins with the initial report.

1842.7202 Contract clause.

The contracting officer shall insert the clause at 1852.242-73, NASA Contractor Financial Management Reporting, in solicitations and contracts when any of the NASA Form 533 series of reports is required from the contractor.

Subpart 1842.73--Audit Tracking and Resolution

1842.7301 NASA external audit follow-up system.

(a) This section implements OMB Circular No. A-50 and NASA Policy Directive (NPD) 9910.1, "Government Accountability Office/NASA Office of Inspector General Audit Liaison, Resolution, and Followup", which provides more detailed guidance. Recommendations from external audits (OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Institutions) shall be resolved by formal review and approval procedures analogous to those at 1815.406-171.

(b) The external audit followup system tracks all contract and OMB Circular No. A-133 audits where NASA has resolution and disposition authority. The objective of the tracking system is to ensure that audit recommendations are resolved within 6 months after receipt of the audit report and corrected as expeditiously as possible.

(c)(1) The identification and tracking of contract audit reports under NASA cognizance are accomplished in cooperation with the DCAA.

(2) Identification and tracking of OMB Circular No. A-133 audit reports are accomplished in cooperation with the NASA Office of the Inspector General (OIG).

(d)(1) All reportable contract audit reports as defined by Chapter 15, Section 6, of the DCAA Contract Audit Manual (CAM) shall be entered into NASA's Corrective Action Tracking System (CATS), with the information updated at least quarterly until the audit recommendations are all resolved and dispositioned (see paragraph (e) (1) of this section); and

(2) Only OMB Circular No. A-133 audit reports involving the following shall be reported quarterly to the Headquarters Office of Procurement Analysis Division:

(i) A significant management control issue; or

(ii) Questioned costs of \$10,000 or more due to an audit finding (see Subpart E-Auditor, paragraph 510 of OMB Circular No. A-133).

(3) NASA contracting officers will maintain a dialogue with DOD Administrative Contracting Officers (ACO) who have been delegated activities on NASA contracts. A review will be conducted no less frequently than semiannually, and the status and disposition of significant audit findings will be documented in the contract file. During this review, NASA contracting officers should discuss with the ACO both prime and subcontract audit reports that have been delegated to DOD. Should these reports contain any findings or recommendations, the NASA contracting officer should obtain their status and document the contract file accordingly.

(e)(1) The terms "resolution" and "corrective action/disposition" are defined as follows:

(i) Resolution - The point at which the IG and Management agree on the action to be taken on audit report findings and recommendations.

(ii) Corrective action/disposition - Management action responsive to an agreed upon audit recommendation.

(2) The resolution and disposition of DCAA audit reports issued to NASA contracting officers are handled as follows:

(i) Audit findings pertaining to an individual NASA contract are the responsibility of the NASA contracting officer.

(ii) Audit findings impacting more than one NASA contract are the responsibility of the NASA contracting officer providing the preponderance of funding to the particular contractor for the contractor fiscal year covered by the audit report (lead contracting officer). The lead contracting officer should furnish a copy of the audit report to all NASA contracting officers with contracts impacted by the audit report. Those contracting officers should be provided the opportunity to participate in the negotiations or provide input into the negotiation strategy. At the conclusion of the negotiations, the lead contracting officer is to provide a copy of the negotiation memorandum to the DCAA office that issued the audit report, as well as to the contracting officers for the other impacted NASA contracts.

(3) The resolution and disposition of OMB Circular No. A-133 audits are handled as follows:

(i) Audit findings pertaining to an individual NASA award are the responsibility of the procurement officer for the Center that awarded the contract.

(ii) Audit findings having a Governmentwide impact are the responsibility of the cognizant Federal agency responsible for oversight. For organizations subject to OMB Circular No. A-133, there is either a cognizant agency or an oversight agency. The cognizant agency is the Federal agency that provides the predominant amount of direct funding to the recipient organization unless OMB makes a specific cognizant agency for audit assignment. To provide for the continuity of cognizance, the determination of the predominant amount of direct funding will be based on the direct Federal awards expended in the recipient's fiscal years ending in 1995, 2000, 2005, and every fifth year thereafter. When there is no direct funding, the Federal

agency with the predominant indirect funding is to assume the oversight responsibilities. In cases where NASA is the cognizant or oversight Federal agency, audit resolution and disposition is the responsibility of the procurement officer for the Center having the largest amount of direct funding, or, if there is no direct funding, the largest amount of indirect funding for the audited period. A copy of the memorandum dispositioning the findings shall be provided by each Center having resolution responsibility for the particular report to the Headquarters OIG office, the Headquarters Office of Procurement Analysis Division, and each Center procurement office that has awards impacted by the dispositioned findings.